



General Assembly

Substitute Bill No. 26

February Session, 2016



AN ACT CONCERNING PRIVATE OCCUPATIONAL SCHOOLS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 10a-22a of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2016*):

3 As used in sections 10a-22a to 10a-22y, inclusive:

4 (1) "Private occupational school" means a postsecondary career
5 school operated by a person, board, association, partnership,
6 corporation, limited liability company or other entity offering
7 instruction in any form or manner in any trade, industrial, commercial,
8 service, professional or other occupation for any remuneration,
9 consideration, reward or promise of whatever nature, including, but
10 not limited to, a hospital-based occupational school, or any program,
11 school or entity offering postsecondary instruction in barbering or
12 hairdressing, except "private occupational school" shall not include (A)
13 instruction offered under public supervision and control; (B)
14 instruction conducted by a firm or organization solely for the training
15 of its own employees or members; or (C) instruction offered by a
16 school authorized by the General Assembly to confer degrees;

17 (2) "Additional classroom site" means a facility that (A) is
18 geographically located close to the school or branch that oversees the

19 site, such that students must utilize services provided at such school or
20 branch, (B) conducts permanent or temporary educational activities,
21 and (C) offers courses or full programs of study;

22 (3) "Branch" means a subdivision of a school (A) located at a
23 different facility and geographical site from the school, except for a site
24 that is an additional classroom site as determined by the executive
25 director, or the executive director's designee, and (B) that (i) offers one
26 or more complete programs leading to a diploma or certificate; (ii)
27 operates under the school's certificate of operation; (iii) meets the same
28 conditions of authorization as the school; and (iv) exercises
29 administrative control and is responsible for its own academic affairs;
30 [and]

31 (4) "Executive director" means the executive director of the Office of
32 Higher Education; and

33 (5) "Postsecondary career school" means an institution authorized to
34 operate educational programs beyond secondary education.

35 Sec. 2. Section 10a-22b of the general statutes is repealed and the
36 following is substituted in lieu thereof (*Effective July 1, 2016*):

37 (a) No person, board, association, partnership, corporation, limited
38 liability company or other entity shall offer instruction in any form or
39 manner in any trade or in any industrial, commercial, service,
40 professional or other occupation unless such person, board,
41 association, partnership, corporation, limited liability company or
42 other entity first receives from the executive director a certificate
43 authorizing the occupational instruction to be offered.

44 (b) Except for initial authorizations, the executive director shall
45 accept institutional accreditation by an accrediting agency recognized
46 by the United States Department of Education, in satisfaction of the
47 requirements of this section and section 10a-22d, as amended by this
48 act, including the evaluation and attendance requirement, unless the
49 executive director finds reasonable cause not to rely upon such

50 accreditation. Except for initial authorizations, the executive director
51 may accept programmatic accreditation in satisfaction of the
52 requirements of this section and section 10a-22d, as amended by this
53 act, with regard to instruction offered by a hospital pursuant to
54 subsection (h) of this section unless the executive director finds
55 reasonable cause not to rely upon such accreditation.

56 (c) Each person, board, association, partnership, corporation, limited
57 liability company or other entity which seeks to offer occupational
58 instruction shall submit to the executive director, or the executive
59 director's designee, in such manner as the executive director, or the
60 executive director's designee, prescribes, an application for a certificate
61 of authorization which includes, but need not be limited to, (1) the
62 proposed name of the school; (2) ownership and organization of the
63 school including the names and addresses of all principals, officers,
64 members and directors; (3) names and addresses of all stockholders of
65 the school, except for applicants which are listed on a national
66 securities exchange; (4) addresses of any building or premises on
67 which the school will be located; (5) description of the occupational
68 instruction to be offered; (6) the proposed student enrollment
69 agreement, which includes for each program of occupational
70 instruction offered a description, in plain language, of any
71 requirements for employment in such occupation or barriers to such
72 employment pursuant to state law or regulations; (7) the proposed
73 school catalog, which includes for each program of occupational
74 instruction offered a description of any requirements for employment
75 in such occupation or barriers to such employment pursuant to state
76 law or regulations; (8) financial statements detailing the financial
77 condition of the school pursuant to subsection (d) of this section and
78 subsection (g) of section 10a-22d, as amended by this act, prepared by
79 management and reviewed or audited, or, for a nonaccredited school
80 offering instruction in barbering or hairdressing and annually
81 enrolling fewer than ten students, compiled, by an independent
82 licensed certified public accountant or independent licensed public
83 accountant; and (9) an agent for service of process. Each application for

84 initial authorization shall be accompanied by a nonrefundable
85 application fee made payable to the private occupational school
86 student protection account in the amount of two thousand dollars for
87 the private occupational school and two hundred dollars for each
88 branch of a private occupational school in this state.

89 (d) Each person, board, association, partnership, corporation,
90 limited liability company or other entity seeking to offer occupational
91 instruction shall have a net worth consisting of sufficient liquid assets
92 or produce other evidence of fiscal soundness to demonstrate the
93 ability of the proposed private occupational school to operate, achieve
94 all of its objectives and meet all of its obligations, including those
95 concerning staff and students, during the period of time for which the
96 authorization is sought.

97 (e) Upon receipt of a complete application pursuant to subsection (c)
98 of this section, the executive director shall cause to be conducted an
99 evaluation of the applicant school. [Thereafter] Not later than sixty
100 days (1) after receipt of a complete application for initial authorization,
101 or (2) prior to expiration of the authorization of a private occupational
102 school applying to renew its certificate of authorization pursuant to
103 section 10a-22d, as amended by this act, the executive director, or the
104 executive director's designee, shall appoint an evaluation team,
105 pursuant to subsection (f) of this section, to conduct such evaluation of
106 the applicant school. Not later than one hundred twenty days
107 following the completed appointment of the evaluation team, the
108 executive director shall [advise] notify the applicant school of
109 authorization or nonauthorization. [not later than one hundred twenty
110 days following the completed appointment of an evaluation team
111 pursuant to subsection (e) of this section.] The executive director may
112 consult with the Labor Department and may request the advice of any
113 other state agency which may be of assistance in making a
114 determination. In the event of nonauthorization, [by] the executive
115 director [, he] shall set forth the reasons therefor in writing and the
116 applicant school may request in writing a hearing before the executive

117 director. Such hearing shall be held in accordance with the provisions
118 of chapter 54.

119 (f) For purposes of an evaluation of an applicant school, the
120 executive director, or the executive director's designee, shall appoint
121 an evaluation team which shall include (1) at least two members
122 representing the Office of Higher Education, and (2) at least one
123 member for each of the areas of occupational instruction for which
124 authorization is sought who shall be experienced in such occupation.
125 The applicant school shall have the right to challenge any proposed
126 member of the evaluation team for good cause shown. A written
127 challenge shall be filed with the executive director within ten business
128 days following the appointment of such evaluation team. In the event
129 of a challenge, a decision shall be made thereon by the executive
130 director within ten business days from the date such challenge is filed,
131 and if the challenge is upheld the executive director shall appoint a
132 replacement. Employees of the state or any political subdivision of the
133 state may be members of evaluation teams. The executive director, or
134 the executive director's designee, shall not appoint any person to an
135 evaluation team unless the executive director, or such designee, has
136 received from such person a statement that the person has no interest
137 which is in conflict with the proper discharge of the duties of
138 evaluation team members as described in this section. The statement
139 shall be on a form prescribed by the executive director and shall be
140 signed under penalty of false statement. [Members of the evaluation
141 team shall serve without compensation.] Except for any member of the
142 evaluation team who is a state employee, members may be
143 compensated for their service at the discretion of the executive director
144 and shall be reimbursed for actual expenses, which expenses shall be
145 charged to and paid by the applicant school.

146 (g) The evaluation team appointed pursuant to subsection (f) of this
147 section shall: (1) Conduct an on-site inspection; (2) submit a written
148 report outlining any evidence of noncompliance; (3) give the school
149 [sixty] thirty days from the date of the report to provide evidence of

150 compliance; and (4) submit to the executive director a written report
151 recommending authorization or nonauthorization not later than one
152 hundred twenty days after the on-site inspection. The evaluation team
153 shall determine whether (A) the quality and content of each course or
154 program of instruction, including, but not limited to, residential, on-
155 line, home study and correspondence, training or study shall
156 reasonably and adequately achieve the stated objective for which such
157 course or program is offered; (B) the school has adequate space,
158 equipment, instructional materials and personnel for the instruction
159 offered; (C) the qualifications of directors, administrators, supervisors
160 and instructors shall reasonably and adequately assure that students
161 receive education consistent with the stated objectives for which a
162 course or program is offered; (D) students and other interested persons
163 shall be provided with a catalog or similar publication describing the
164 courses and programs offered, course and program objectives, length
165 of courses and programs, schedule of tuition, fees and all other charges
166 and expenses necessary for completion of the course or program, and
167 termination, withdrawal and refund policies; (E) upon satisfactory
168 completion of the course or program, each student shall be provided
169 appropriate educational credentials by the school; (F) adequate records
170 shall be maintained by the school to show attendance and grades, or
171 other indicators of student progress, and standards shall be enforced
172 relating to attendance and student performance; (G) the applicant
173 school shall be financially sound and capable of fulfilling its
174 commitments to students; (H) any student housing owned, leased,
175 rented or otherwise maintained by the applicant school shall be safe
176 and adequate; and (I) the school and any branch of the school in this
177 state has a director located at the school or branch who is responsible
178 for daily oversight of the school's or branch's operations. The
179 evaluation team may also indicate in its report such recommendations
180 as may improve the operation of the applicant school.

181 (h) Any hospital offering postsecondary career instruction in any
182 form or manner in any trade, industrial, commercial, service,
183 professional or other occupation for any remuneration, consideration,

184 reward or promise, except to hospital employees, members of the
185 medical staff and training for contracted workers, shall obtain a
186 certificate of authorization from the executive director for the
187 occupational instruction offered. Each hospital-based occupational
188 school submitting an application for initial authorization shall pay an
189 application fee of two hundred dollars made payable to the private
190 occupational school student protection account. The executive director
191 shall develop a process for prioritizing the authorization of hospital-
192 based occupational schools based on size and scope of occupational
193 instruction offered. Such schools shall be in compliance with this
194 section when required pursuant to the executive director's process, or
195 by 2012, whichever is earlier.

196 (i) Any program, school or other entity offering postsecondary
197 career instruction in any form or manner in barbering or hairdressing
198 for any remuneration, consideration, reward or promise shall obtain a
199 certificate of authorization from the executive director of the Office of
200 Higher Education for the occupational instruction offered. Each
201 program, school or entity approved on or before July 1, 2013, by the
202 Connecticut Examining Board for Barbers, Hairdressers and
203 Cosmeticians pursuant to chapter 368 or 387 that submits an
204 application for initial authorization shall pay an application fee of five
205 hundred dollars made payable to the private occupational school
206 student protection account. The executive director of the Office of
207 Higher Education shall develop a process for prioritizing the
208 authorization of such barber and hairdressing programs, schools and
209 entities. Such programs, schools and entities shall be in compliance
210 with this section on or before July 1, 2015, or when required pursuant
211 to the executive director's process, whichever is earlier. No person,
212 board, association, partnership corporation, limited liability company
213 or other entity shall establish a new program, school or other entity
214 that offers instruction in any form or manner in barbering or
215 hairdressing on or after July 1, 2013, unless such person, board,
216 association, partnership, corporation, limited liability company or
217 other entity first receives from the executive director of the Office of

218 Higher Education a certificate authorizing the barbering or
219 hairdressing occupational instruction to be offered in accordance with
220 the provisions of this section.

221 Sec. 3. Subsection (c) of section 10a-22d of the general statutes is
222 repealed and the following is substituted in lieu thereof (*Effective July*
223 *1, 2016*):

224 (c) Renewal of the certificate of authorization shall be granted only
225 upon (1) payment of a nonrefundable renewal fee to the Office of
226 Higher Education in the amount of two hundred dollars for the private
227 occupational school and two hundred dollars for each branch of a
228 private occupational school, (2) submission of any reports or audits, as
229 prescribed by the executive director or the executive director's
230 designee, concerning the fiscal condition of the private occupational
231 school or its continuing eligibility to participate in federal student
232 financial aid programs, (3) the filing with the executive director of a
233 complete application for a renewed certificate of authorization not less
234 than one hundred twenty days prior to the termination date of the
235 most recent certificate of authorization, and (4) a determination that
236 the private occupational school meets all the conditions of its recent
237 authorization, including, but not limited to, at the discretion of the
238 executive director, evidence that such school is current on its rent or
239 mortgage obligations, and the filing of documentation with the
240 executive director that the private occupational school has a passing
241 financial ratio score as required by 34 CFR 668, as amended from time
242 to time.

243 Sec. 4. Subsection (g) of section 10a-22d of the general statutes is
244 repealed and the following is substituted in lieu thereof (*Effective July*
245 *1, 2016*):

246 (g) Each private occupational school shall keep financial records in
247 conformity with generally accepted accounting principles. An annual
248 financial statement detailing the financial status of the school shall be
249 prepared by school management and reviewed or audited, or, for a

250 nonaccredited school offering instruction in barbering or hairdressing
251 and annually enrolling fewer than ten students, compiled, by a
252 licensed certified public accountant or licensed public accountant in
253 accordance with standards established by the American Institute of
254 Certified Public Accountants. A copy of such financial statement shall
255 be filed with the executive director on or before the last day of the
256 fourth month following the end of the school's fiscal year, except in the
257 case of a nationally accredited school recognized by the United States
258 Department of Education, in which case such financial statement shall
259 be due on or before the last day of the sixth month following the end of
260 the school's fiscal year. Only audited financial statements shall be
261 accepted from a nationally accredited school. Upon a nonaccredited
262 school's written request, the executive director may authorize, for good
263 cause shown, a filing extension for a period not to exceed sixty days.
264 No filing extensions shall be granted to a nationally accredited school.

265 Sec. 5. Subsection (a) of section 10a-22g of the general statutes is
266 repealed and the following is substituted in lieu thereof (*Effective July*
267 *1, 2016*):

268 (a) A private occupational school which is authorized by the
269 executive director pursuant to sections 10a-22a to 10a-22o, inclusive, as
270 amended by this act, and sections 10a-22u to 10a-22w, inclusive, may
271 request authorization to establish and operate additional classroom
272 sites or branch schools for the purpose of offering the occupational
273 instruction authorized by the executive director, provided the
274 additional classroom site or branch school complies with the
275 provisions of subsection (b) of this section. Such school shall make
276 such request for authorization to operate an additional classroom site
277 or branch school, in the manner and on such forms as prescribed by
278 the executive director, at least [thirty] sixty days prior to the proposed
279 establishment of such additional classroom site or branch school.

280 Sec. 6. Subsection (d) of section 10a-22c of the general statutes is
281 repealed and the following is substituted in lieu thereof (*Effective July*
282 *1, 2016*):

283 (d) No certificate to operate a new private occupational school shall
284 be issued by the executive director pursuant to section 10a-22d, as
285 amended by this act, until such private occupational school seeking
286 authorization files with the executive director an irrevocable letter of
287 credit issued by a bank with its main office or branch located within
288 this state in the penal amount of forty thousand dollars guaranteeing
289 the payments required of the school to the private occupational school
290 student protection account in accordance with the provisions of section
291 10a-22u. The letter of credit shall be payable to the private
292 occupational school student protection account in the event that such
293 school fails to make payments to the account as provided in subsection
294 (a) of section 10a-22u or in the event the state takes action to reimburse
295 the account for a tuition refund paid to a student pursuant to the
296 provisions of section 10a-22v, provided the amount of the letter of
297 credit to be paid into the private occupational school student
298 protection account shall not exceed the amounts owed to the account.
299 In the event a private occupational school fails to close in accordance
300 with the provisions of section 10a-22m, as amended by this act, the
301 executive director may seize the letter of credit, which shall be made
302 payable to the private occupational school protection account. The
303 letter of credit required by this subsection shall be released twelve
304 years after the date of initial approval, provided evidence of fiscal
305 soundness has been verified.

306 Sec. 7. Section 10a-22m of the general statutes is amended by adding
307 subsections (d) and (e) as follows (*Effective July 1, 2016*):

308 (NEW) (d) In the event a private occupational school fails to meet
309 the requirements set forth in subsection (a) of this section and closes
310 prior to graduating all current students, the executive director may
311 seize the letter of credit filed by the private occupational school
312 pursuant to subsection (d) of section 10a-22c, as amended by this act,
313 and such letter of credit shall be made payable to the private
314 occupational school student protection account. The executive director
315 may expend funds from the private occupational school student

316 protection account up to the amount necessary to facilitate a teach-out
 317 of any remaining students up to and including the issuance of a
 318 certificate of completion pursuant to subsection (e) of this section. For
 319 purposes of this subsection and subsection (e) of this section, (1)
 320 "teach-out" means the completion of instruction of a course or program
 321 of study in which a student was enrolled, provided the teach-out
 322 includes instruction of the entire program of study when a course is a
 323 part of such program of study, and (2) "certificate of completion"
 324 means the credential, documented in writing, that is issued to a
 325 student who completes a course or program of study offered by a
 326 private occupational school.

327 (NEW) (e) In the event of a private occupational school closure that
 328 fails to meet the requirements set forth in subsection (a) of this section,
 329 the executive director may issue a certificate of completion to each
 330 student that, in the executive director's determination, has successfully
 331 completed the student's course or program of study in which the
 332 student was enrolled at the private occupational school.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2016</i>	10a-22a
Sec. 2	<i>July 1, 2016</i>	10a-22b
Sec. 3	<i>July 1, 2016</i>	10a-22d(c)
Sec. 4	<i>July 1, 2016</i>	10a-22d(g)
Sec. 5	<i>July 1, 2016</i>	10a-22g(a)
Sec. 6	<i>July 1, 2016</i>	10a-22c(d)
Sec. 7	<i>July 1, 2016</i>	10a-22m

HED *Joint Favorable Subst.*